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USDOC FOR 532/OEA/LHINES/ADYSON
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR PATRICK SANTILLO
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)

SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: EVA HSIAO/EDOM
TECHNOLOGY CO

REF: A) USDOC 06828

1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a post shipment-verification (PSV) at Eva Hsiao, Edom Technology Co., 9/F, Kian Dai Industrial Bldg., 73-75 Hung To Road, Kwun Tong, Kowloon (Edom). The item in question is a Neomagic Nimagin 8 Stander Development Kit (NM9800MDB) exported to Edom on or about July 29, 2008 and valued at USD 4500. On the applicable shippers export declaration (SED), these items are classified under export control classification number (ECCN) 3A001 and, if properly classified, would be controlled for national security (NS) reasons. Based on a review of export documentation provided by Neomagic, ECO believes this item could likely be exported or reexported to mainland China pursuant to license exception CIV if destined for civil end use. The exporter was Neomagic Corporation of Santa Clara, California.

3. According to the Hong Kong Companies Registry, Edom was registered in August 2000. According to the Companies Registry, it has no paid-in capital. Its directors are listed as Cheng, Duen Chian, Lin Fei Hong, Tseng, Yu I, Wang, Le Chun and Zhang, Jie with the following Taiwan passport numbers: 211090898, M20117908, M10232707, 210273989 and X00800892.

4. According to the company web site (www.edom-tech.com), Edom is an integrated circuits distributor with particular focus on the information, communication and consumer electronics markets. It has offices in Hong Kong, Taipei, Shenzhen, Xiamen, Penang, Beijing and Shanghai. Its headquarters are in Taipei.

5. On December 3, 2008, ECO and Commercial Assistant Carrie Chan visited Edom at the address listed above and met with Stone Li, Senior Sales Engineer. He provided additional information on the various types of products that Edom distributes. These include integrated circuits, microcontroller units, DRAM memory among other products. Li stated that products shipped to Hong Kong are destined approximately 90 percent for mainland China and 10 percent for Hong Kong. He also stated that it is Edom's policy that China customers must arrange for pickup from Edom in Hong Kong. Edom will not ship to the mainland. Li showed ECO Edom's warehouse space. ECO estimates that the company's warehouse space totaled roughly 2000 square feet. The space was filled with boxes destined for delivery to mainland China. Li stated that he is the only Edom sales engineer located in Hong Kong. The remaining sales engineers and staff are located in the mainland or at other Edom locations. In addition, Li stated that Edom is not an electronics broker but rather acts as distributor for a fixed number of manufacturers.

6. As to the particular item in question, Li stated that it had

been ordered by Edom to be used as a testing unit by its customer RV Technology Limited (www.rvtec.com) (RV Tech). RV Tech was using the unit to develop a smart phone. Edom lent the unit to RV Tech and Li stated that Edom had obtained the unit back from its customer. ECO reviewed the item and notes Serial Number MDB06120035. Li stated that loaners are used in this way to spur potential future sales of, for example, Neomagic products. Li volunteered that Neomagic is doing poorly and that Edom rarely receives orders for Neomagic products.

¶17. ECO asked Li whether Edom applies for applicable Hong Kong licenses for the products it imports and resells. After a pause, Li stated that Edom applies for all required licenses. When asked about Edom's mainland Chinese customers, Li stated that he expects that they understood the need to apply for licenses, as required. ECO suspects neither Edom nor its customers apply for required Hong Kong licenses nor for U.S. licenses (if required).

¶18. Based on the information noted above, ECO believes that Edom is an unsuitable recipient of U.S. origin controlled technology. While Edom might not have violated U.S. law in respect of this shipment, ECO suspects that is only because the item in question did not require a U.S. license in this particular instance. ECO requests that OEA confirm the 3A001 classification of the applicable item so that ECO may reach out to Hong Kong TID concerning a potential violation of Hong Kong's export control rules in connection with this shipment.